

**Feel
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 **MATAHARI**

Q4 2017/ FY2017

Earnings Call



February 2018

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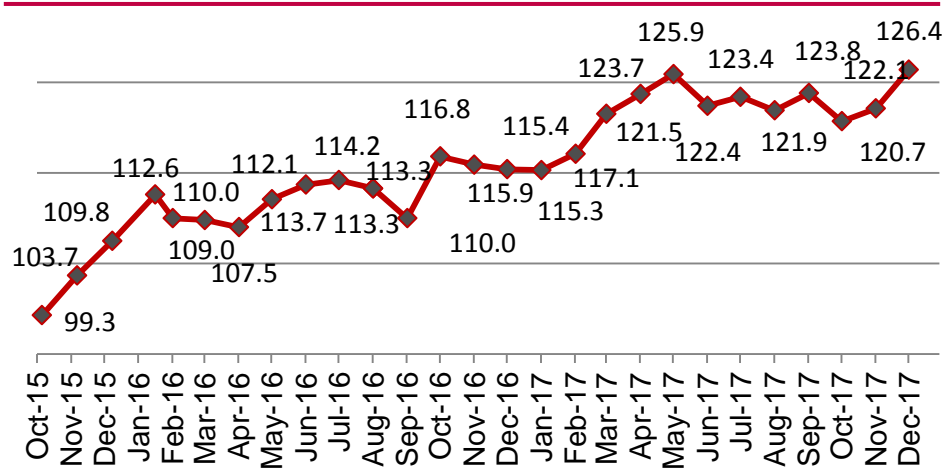
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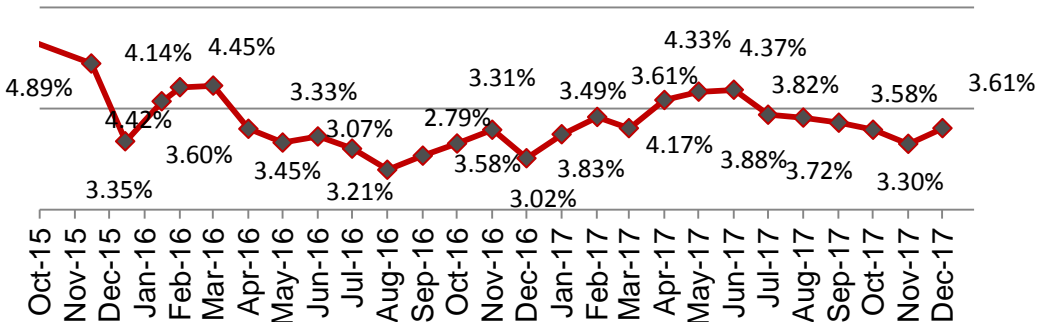
Indonesia Macro Overview

Indonesian economy at a glance

Consumer Confidence Index

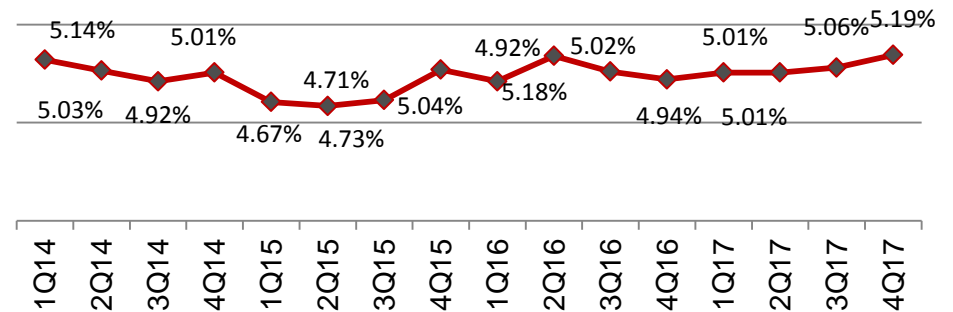


Inflation



- 2017 saw domestic consumption remaining weak
- Demand expected to improve in 2018
 - 2018F GDP Growth = 5.4%
 - Private consumption is projected to rise on continued moderate inflation, a stable Rupiah and lower consumer lending rates

GDP Growth



Source: Bank Indonesia and BPS

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Q4 2017/ FY 2017 Financials

Key Financial Highlights

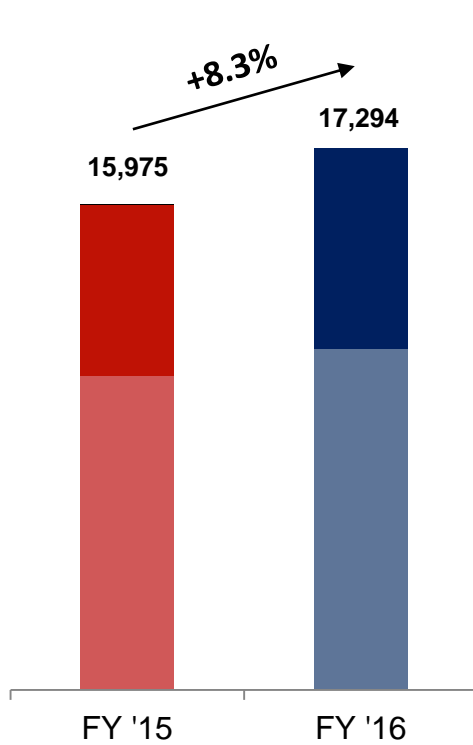
IDR Bn	Q4' 16	Q4 '17	△
Gross Sales	4,079	4,288	↑ 5.1%
SSSG	2.7%	3.7%	↑
Gross Profit	1,436	1,479	↑ 3.0%
EBITDA	597	644	↑ 7.8%
Net Income	410	402	↓ 1.8%
Gross Margin	35.2%	34.5%	↓ 70 bps
EBITDA Margin	14.6%	15.0%	↑ 40 bps
Net Margin	10.0%	9.4%	↓ 60 bps

IDR Bn	FY'16	FY'17	△
Gross Sales	17,294	17,496	↑ 1.2%
SSSG	5.5%	-1.2%	↓
Gross Profit	6,146	6,203	↑ 0.9%
EBITDA	2,872	2,808	↓ 2.2%
Net Income	2,020	1,907	↓ 5.6%
Gross Margin	35.5%	35.5%	↔ 0 bps
EBITDA Margin	16.6%	16.0%	↓ 60 bps
Net Margin	11.7%	10.9%	↓ 80 bps

Total sales and DP sales contribution continue to grow

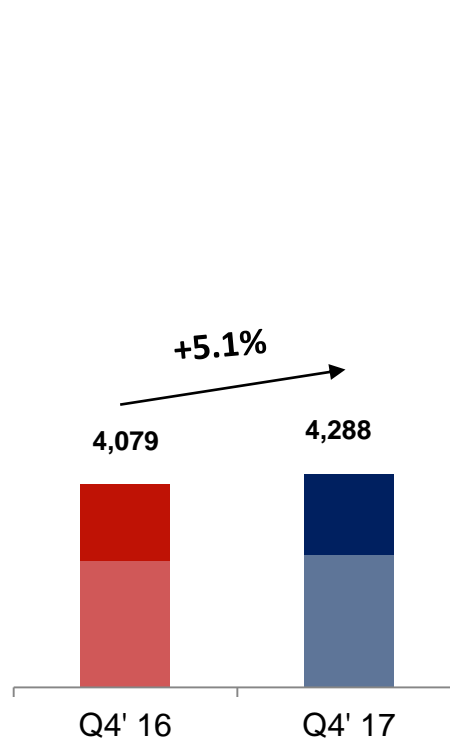
Sales

IDR Bn



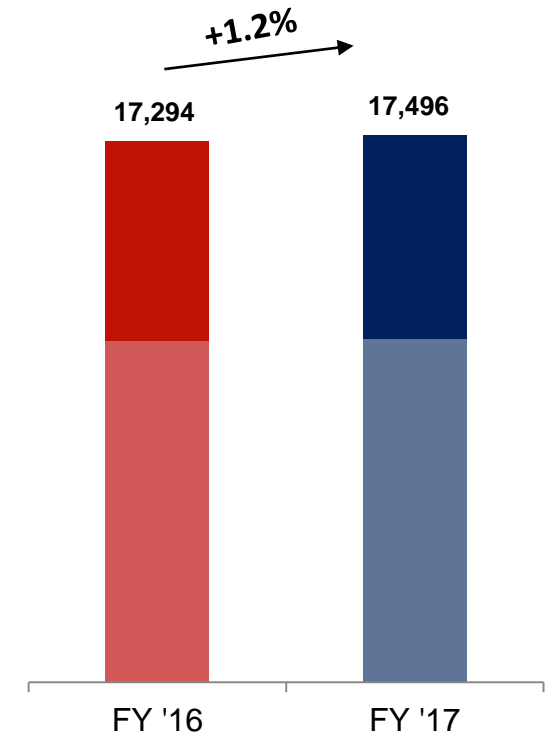
Sales mix

DP	35.5%	37.0%
CV	64.5%	63.0%



Sales mix

DP	37.9%	38.0%
CV	62.1%	62.0%

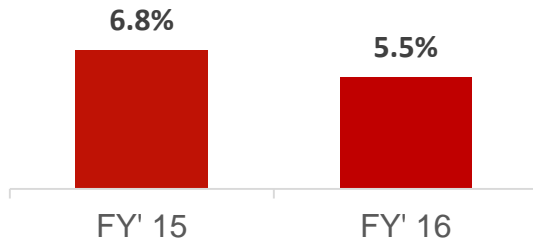


DP	37.0%	37.2%
CV	63.0%	62.8%

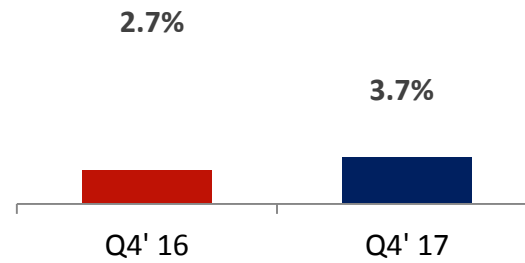
SSSG was 3.7% in Q4 2017 and -1.2% in FY 2017

SSSG %

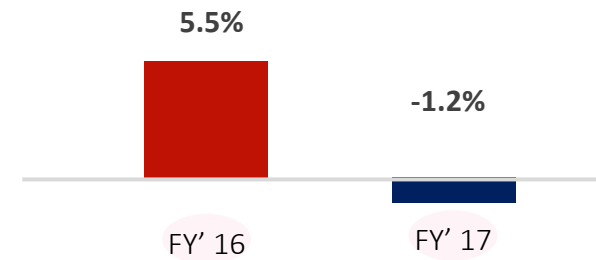
FY



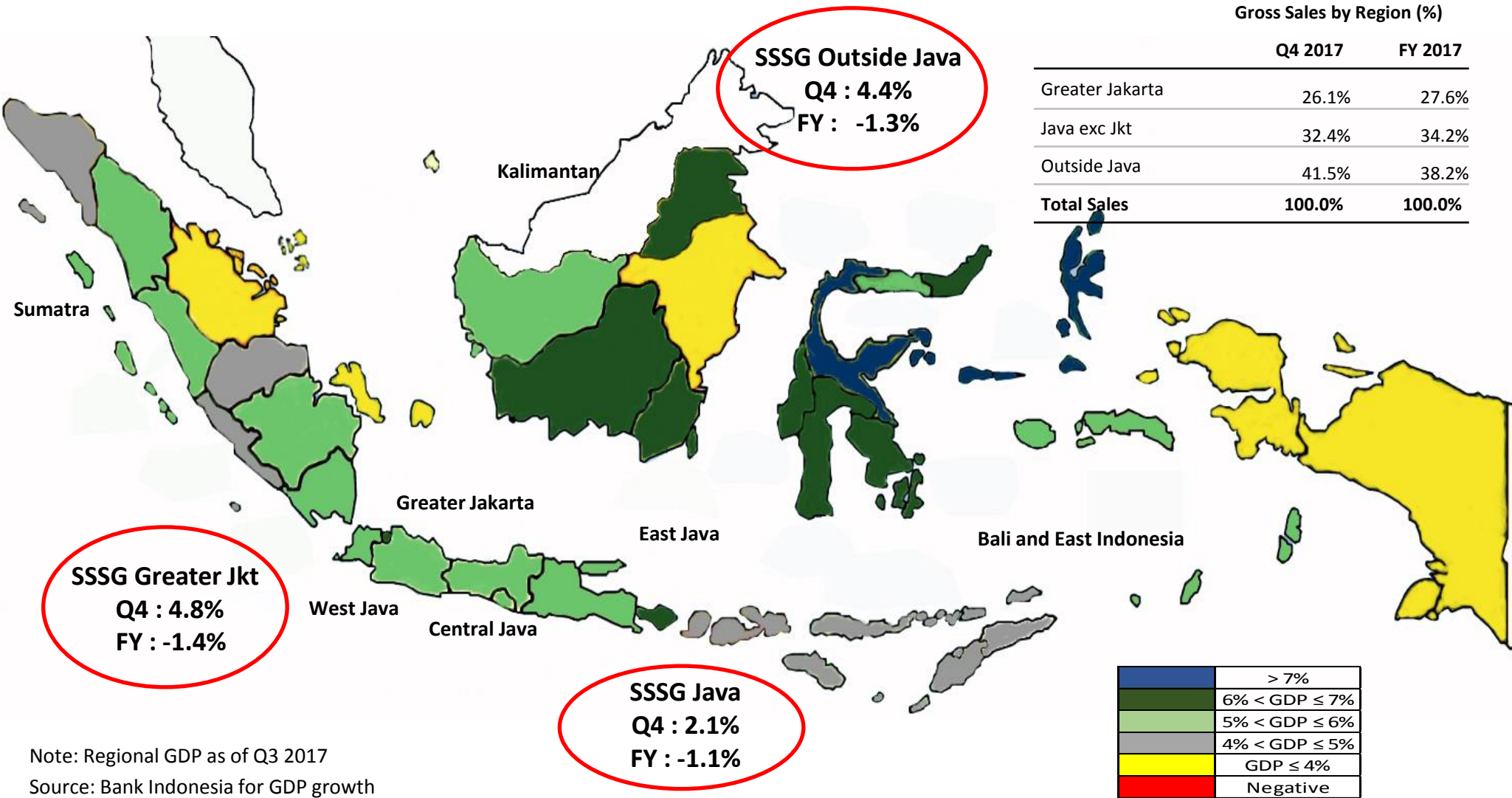
Q4



FY



GDP growth, SSSG and Sales per region



Gross Sales by Region (%)

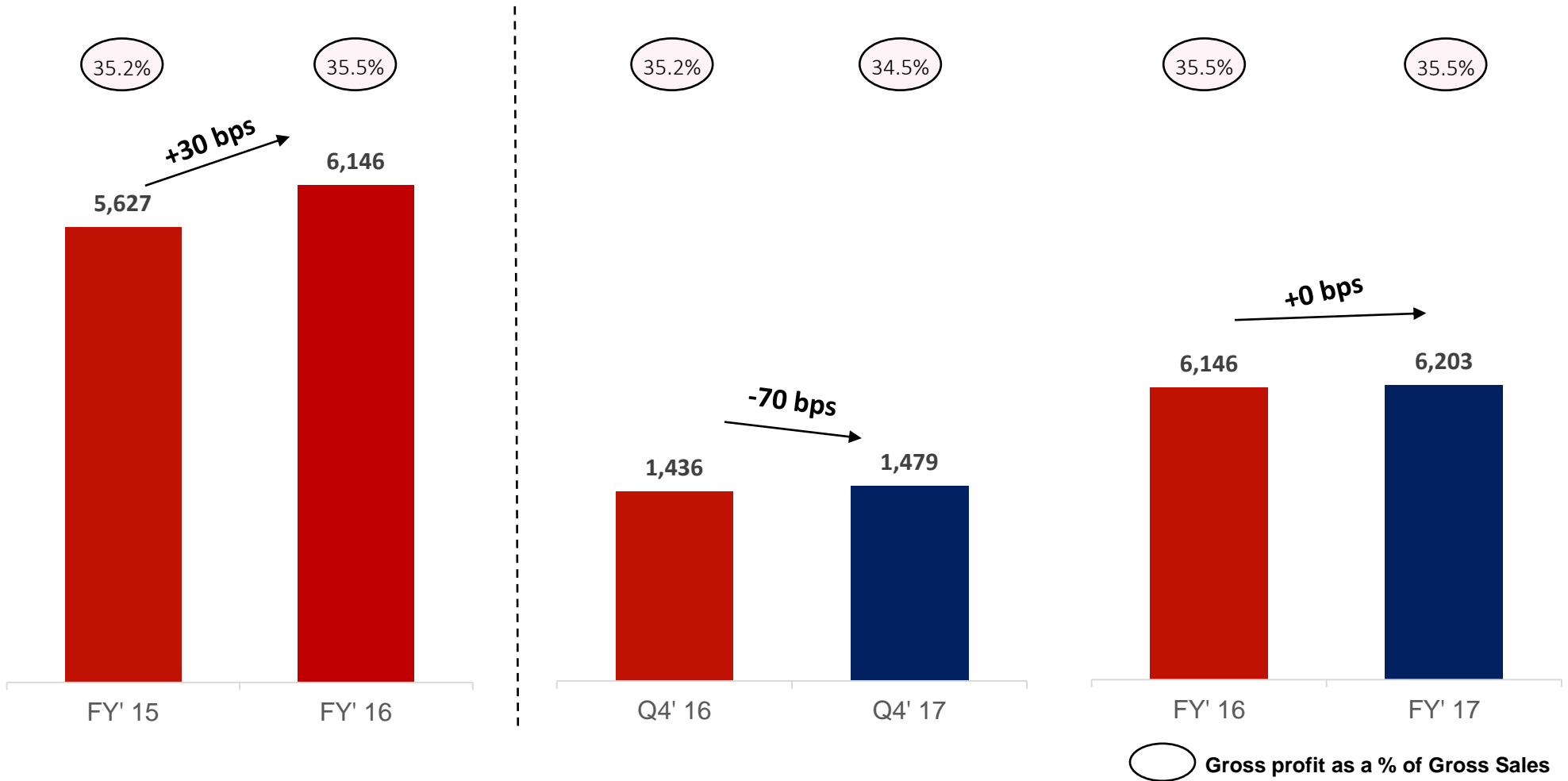
	Q4 2017	FY 2017
Greater Jakarta	26.1%	27.6%
Java exc Jkt	32.4%	34.2%
Outside Java	41.5%	38.2%
Total Sales	100.0%	100.0%

Note: Regional GDP as of Q3 2017
Source: Bank Indonesia for GDP growth

Merchandise margins lower in Q4, stable for FY 2017

Gross profit and margins

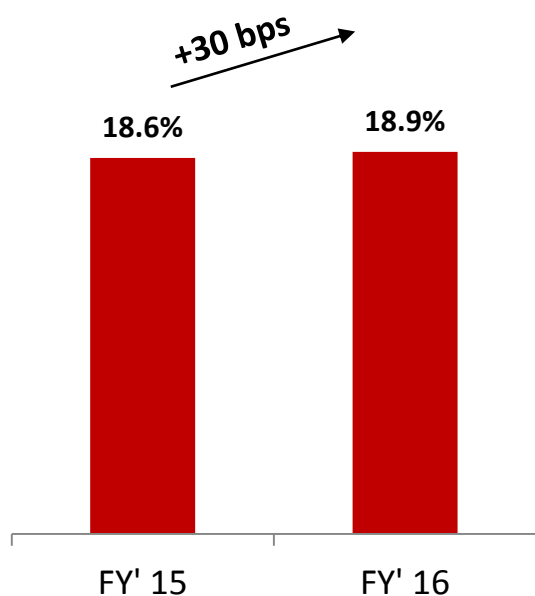
IDR Bn



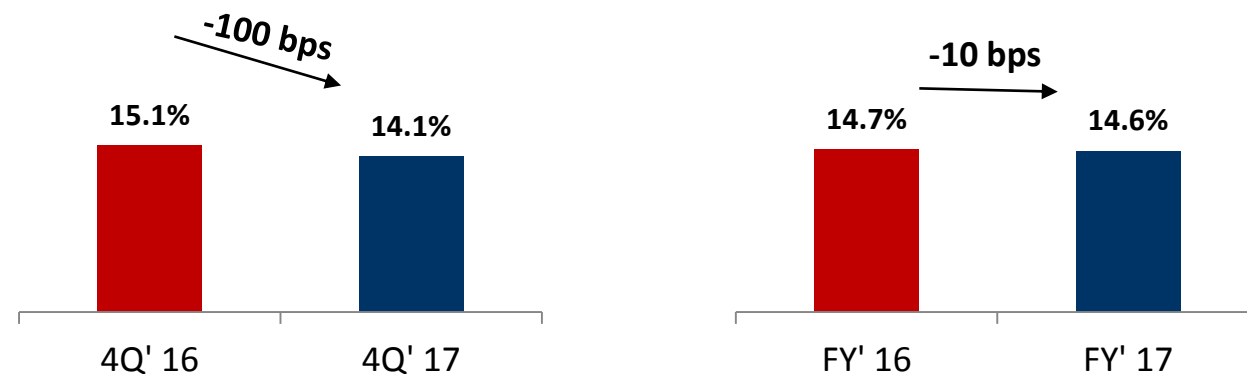
Comp store opex declined 100 bps in 4Q and 10 bps in FY

Opex⁽¹⁾ as a % of Gross Sales

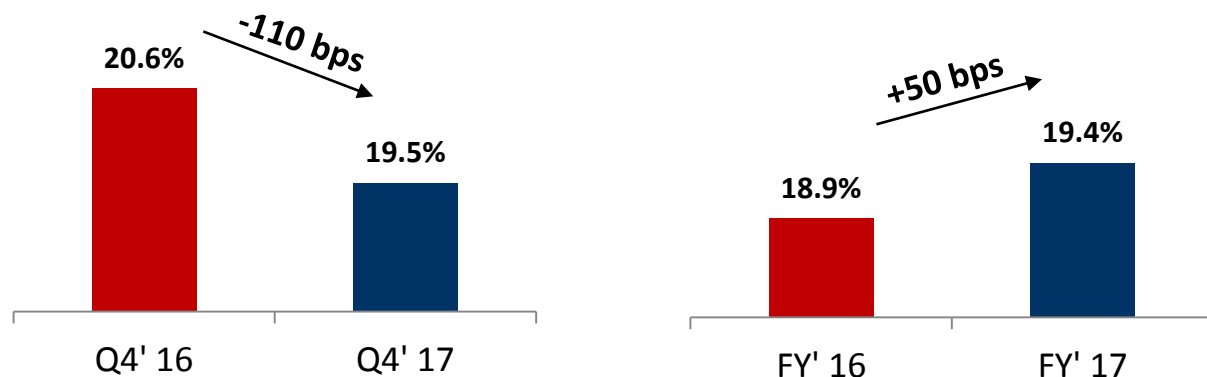
Total Company



Comp store



Total Company

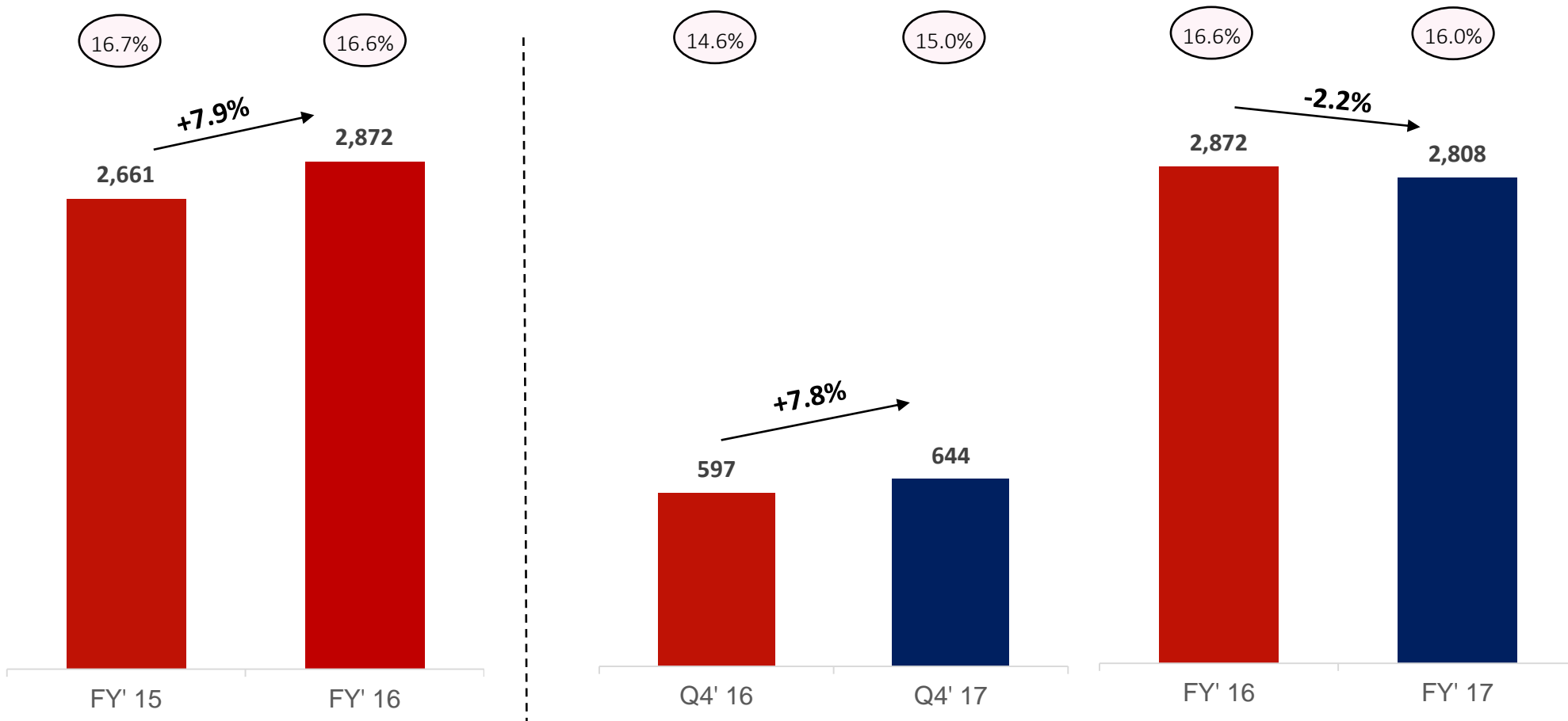


Note
1. Opex calculated as Adjusted Gross Profit less Adjusted EBITDA

4Q EBITDA rose by 7.8% yoy

EBITDA and Margins

IDR Bn



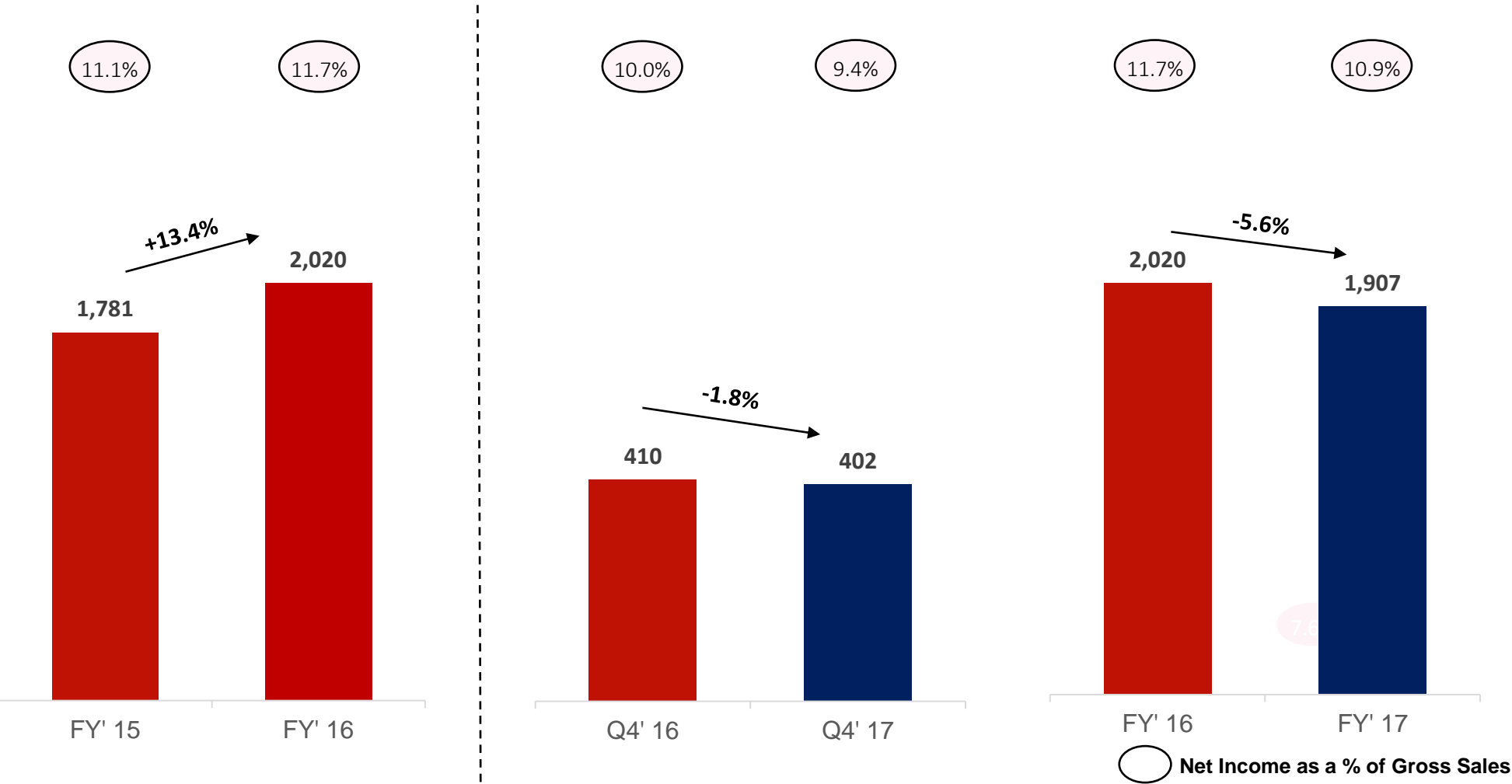
Notes

EBITDA adjusted for severance pay

○ EBITDA as a % of Gross Sales

Net income was Rp1,907bn in FY2017

Net Income (IDR Bn)



Balance sheet remains healthy

INVENTORY DAYS, CASH POSITION AND OUTSTANDING BANK LOAN BALANCE

	End of Sep 2017	End of Dec 2017
LTM Ave. Inventory Days	118 days	118 days
Cash on Hand	Rp 768 Bn	Rp 1,583 Bn
Outstanding Bank Loan Balance	Rp 0	Rp 0

CAPEX AND REFURBISHMENTS

	FY 2017	FY 2018E
Capex	Rp 323 Bn	Rp 400-500 Bn
Refurbishments	16	15-20

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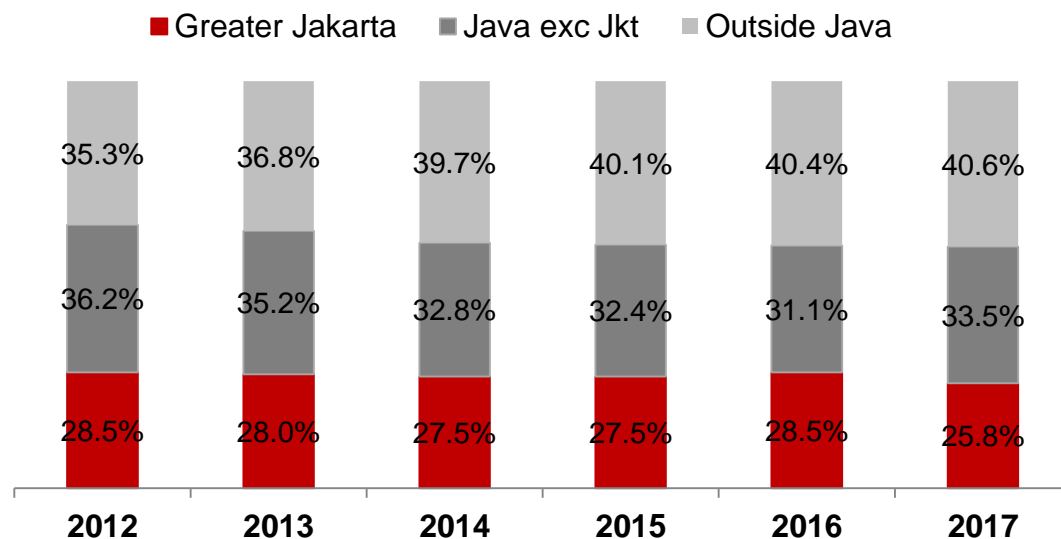


Operational and Strategic Updates

Expansion policy remains unchanged

- Opened 8 new stores in FY2017 including the 2nd Nevada specialty store
- Closed 4 stores
- Planning on 6-8 new stores in FY2018

Store Count Split by Region



No	Geographic area	Actual		Plan	Forecast	
		FY2016	FY2017	FY2018E	Future Pipeline 2018 and onwards	
		# of stores	# of stores	# of stores	# of stores	% mix
1	Jabodetabek (Greater Jakarta)	43	40	0	7	20.6%
2	Java (Exc Greater Jakarta)	47	52	3	11	32.4%
3	Outside Java	61	63	3	16	47.0%
	Total	151	155	6	34	100.0%

Enhancing logistics capabilities

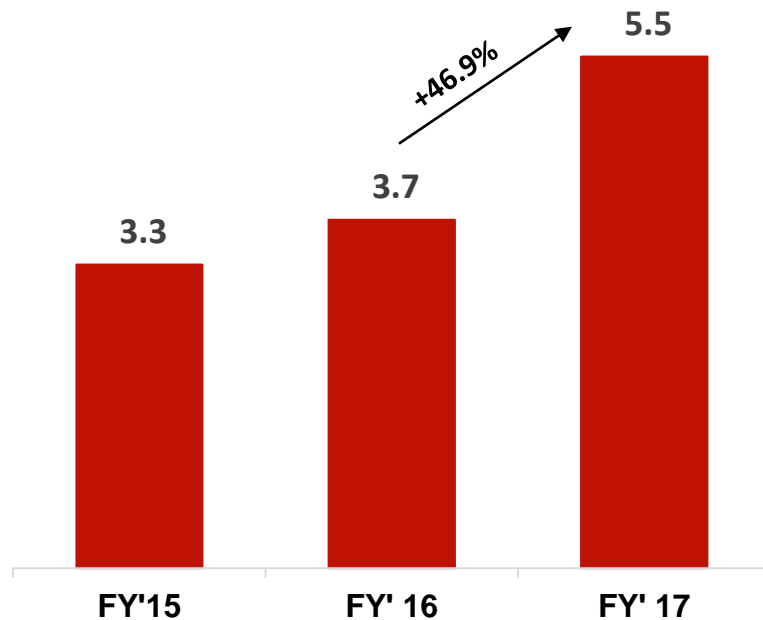
- **Completed the set-up of the pick-pack ship facility in Central Jakarta (7,300 sqm) last 2017**
- **Extending our Surabaya hub in 2Q18 to offer both pick-pack-ship operations and cross docking activities**
- **Extending our hubs in Bandung, Medan and Makassar in 2018**
- **Expanding owned and operated fleet of trucks**
 - **Current portfolio = 77 trucks**
 - **2018 Additions = 47 trucks**



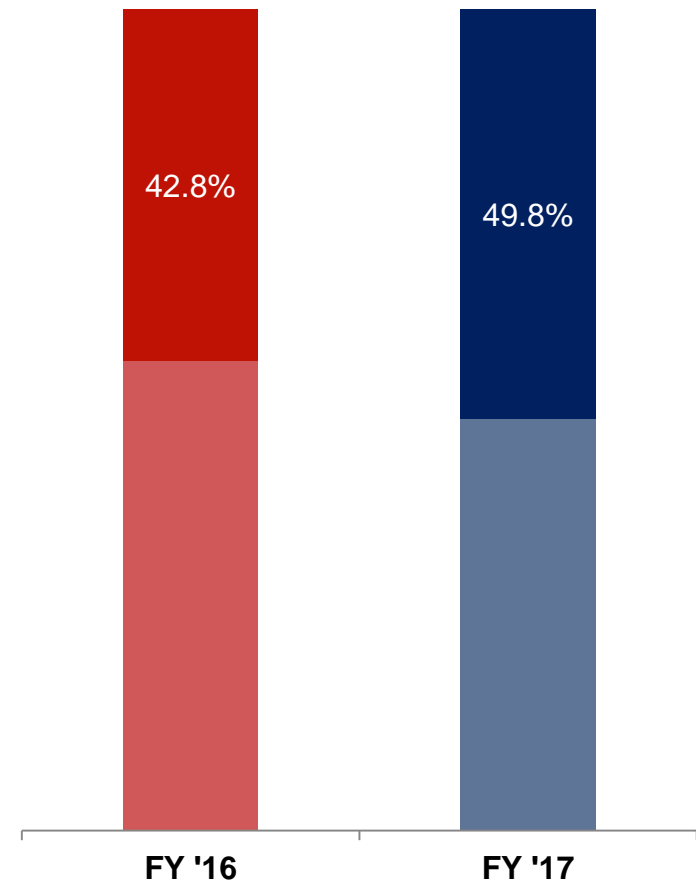
Matahari Rewards Update

- Active members = 5.5 million (+46.9% yoy)
- FY 2016 sales contribution = 42.8%
- FY 2017 sales contribution = 49.8%

Active members (in millions)



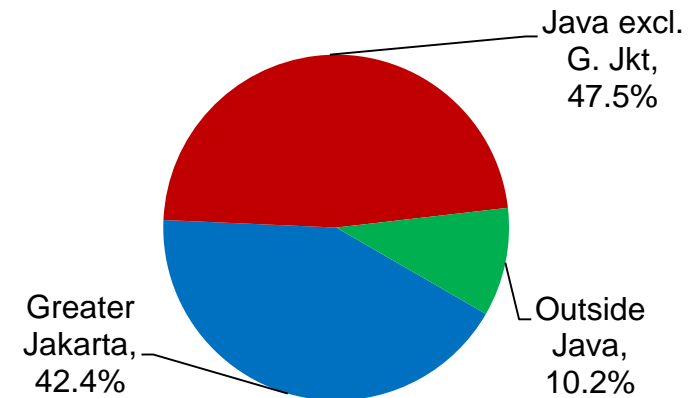
Growing Matahari members' contribution to Total Sales



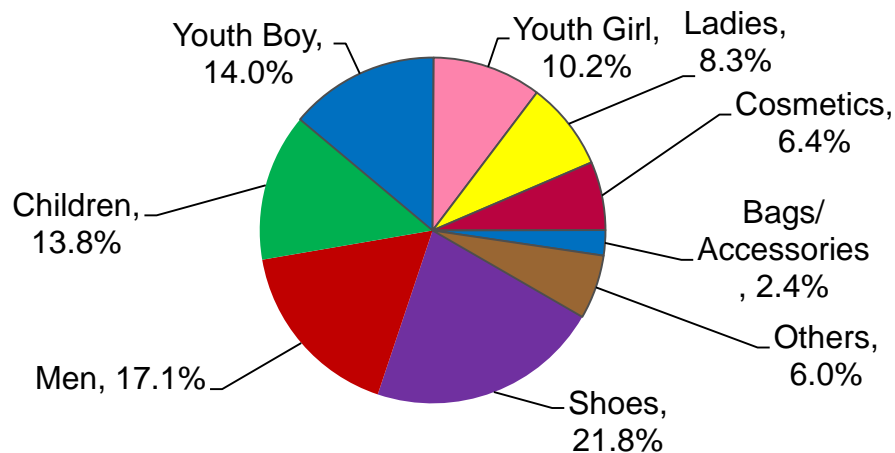
Mataharistore.com performance update

	Q3 2017	Q4 2017
No. of transactions	~130,000	~215,000
Store pick-ups (%)	2.7%	3.7%
DP: CV sales mix	86:14	73:27

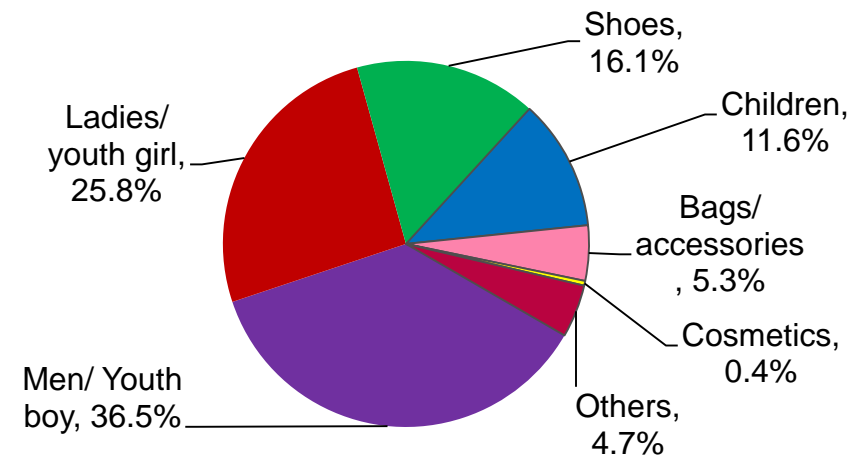
Sales by Region (FY 2017)



Sales by Category - Offline (FY 2017)



Sales by Category - Online (FY 2017)



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Key Initiatives in 2018

Key Initiatives in 2018

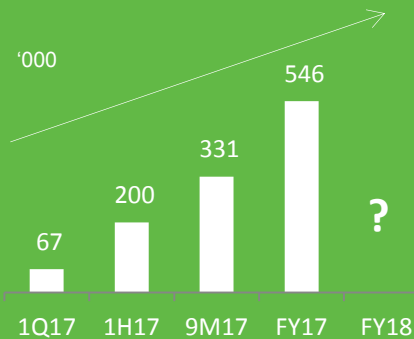


Merchandising Initiatives

Grow the customer base by attracting new customers



Grow MatahariStore.com



Expanding Logistics



Summary

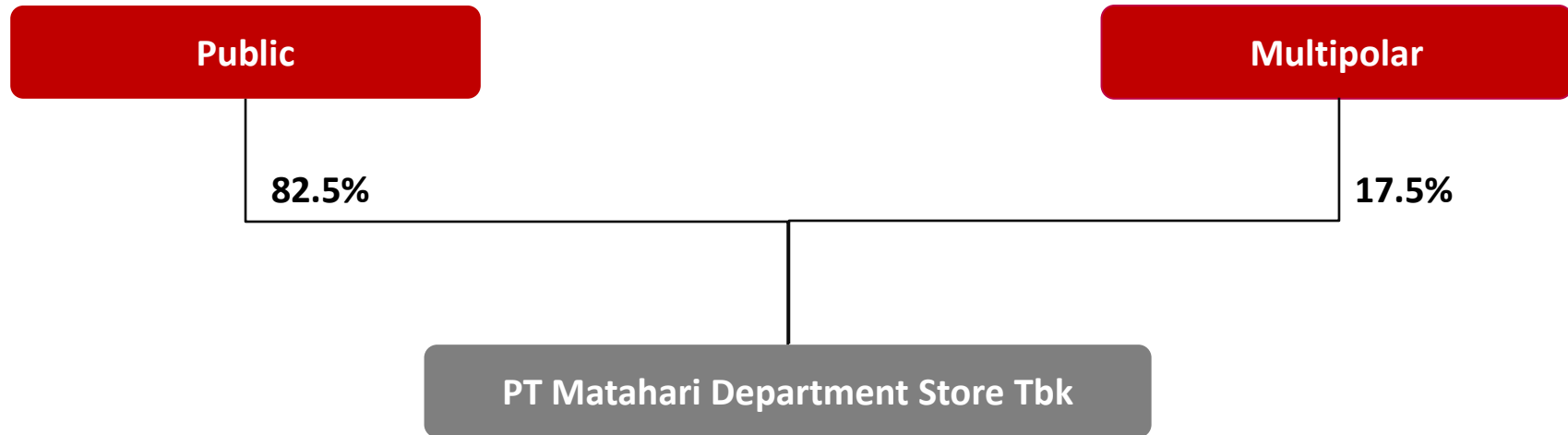
- ❑ **Despite the challenging domestic consumption environment, overall sales grew by 1.2%**
- ❑ **Earnings in 2017 were down 5.6% on lower sales, mitigated by expense savings from operational efficiencies**
- ❑ **Overall strategy to expand both offline and online businesses remains unchanged**
- ❑ **Merchandising, operational and logistics initiatives are on track, with most roll-outs slated for completion in 2018**
- ❑ **Overall outlook for 2018 remains one of cautious optimism, with a likely backdrop of improving macro-economic growth and domestic consumption**

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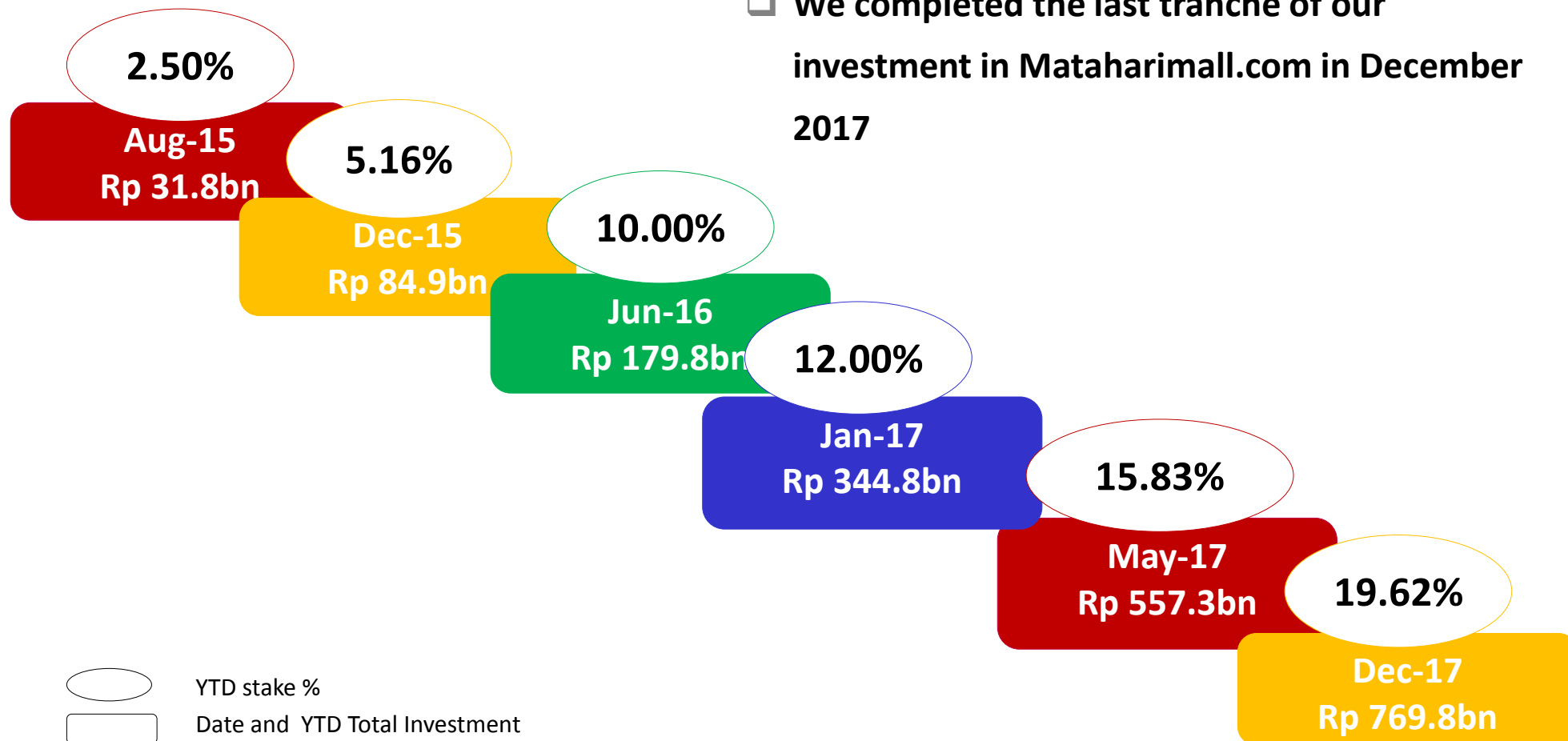
Appendix

Shareholding Structure



Mataharimall.com investment

- We completed the last tranche of our investment in Mataharimall.com in December 2017



*post MPPA's additional investment in June 2017
